LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 8066 **DATE PREPARED:** Mar 5, 1999
BILL NUMBER: HB 1867 **BILL AMENDED:** Mar 4, 1999

SUBJECT: Academic Honors Scholarship.

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FUNDS AFFECTED: **X** **GENERAL** **IMPACT:** State & Local
X **DEDICATED**
FEDERAL

Summary of Legislation: (Amended) **(1)** This bill would establish the Academic Honors Diploma Scholarship Program to provide scholarships at State operated or not-for-profit education institutions of higher learning to certain Indiana resident students (students) who graduate from a public or accredited nonpublic high school with an academic honors diploma.

It would prohibit the State Student Assistance Commission (the Commission) from considering the scholarship grant in determining other awards. It would also limit the amount of the scholarship grant to the lessor of the tuition obligation remaining after deducting other awards the student receives from other sources, or the scholarship grant amount.

(2) It would provide that the $800 academic honors diploma award that a school corporation receives under current law (for each public high school academic honors diploma awarded in the school year ending in the previous calendar year) may be used by the school corporation to pay for costs incurred by the school corporation in providing an academic honors curriculum.

Effective Date: July 1, 1999.

Explanation of State Expenditures: (Revised) **(1)** This bill would require the Commission to provide scholarship grants (on behalf of each student in a public or accredited nonpublic high school graduating class that successfully completes an academic honors diploma program) equaling the lessor of the tuition obligation remaining after deducting other awards the student receives from other sources, or the following: 1) $2,500 if the student's combined Scholastic Achievement Test (SAT) score is at least 1,300; or 2) $1,250 if the student's combined SAT score is at least 1,250 but less than 1,300.

In addition to the SAT criteria, students would be required to fulfill the following criteria: 1) be enrolled and incur an obligation to pay for tuition at a State operated or not-for-profit education institution of higher learning; and 2) achieve a cumulative grade point average of at least 3.25 on a 4.0 grading scale at the student's respective high school.

The Commission would be required to pay the scholarship grants directly to the respective institution where the scholarship recipient is enrolled for credit against the student's tuition obligation.

For the 1997-1998 school year, approximately 12,000 public and accredited nonpublic high school students graduated with an academic honors diploma award. Of this amount, approximately 6,000 students achieved a combined SAT score of 1,250 or above.

Of the 6,000 students who achieved a combined SAT score of 1,250 or above, approximately 3,600 achieved a combined score of 1,300 or above (it is reported that academic honors diploma graduates who achieve such combined SAT scores are likely to hold a cumulative grade point average of at least 3.25 on a 4.0 grading scale).

Based on data from the 1997-1998 school year, and on the assumption that the total number of academic honors graduates remains constant, achieves combined SAT scores as described above, and will attend an approved institution of higher education, the State could incur a maximum annual cost of approximately $12 M to provide scholarship grants in accordance with this bill [(2,400 * $1,250) + (3,600 * $2,500)].

However, it is estimated that approximately ½ of these 6,000 students will study outside of Indiana. Therefore, depending upon the number of students choosing to attend approved institutions of higher education in Indiana, the State could incur an annual cost ranging from $6 M to $12 M.

This bill would require the Commission to pay costs of scholarship grants from appropriations made from the Lottery and Gaming Surplus Account (LGSA) within the Build Indiana Fund (BIF). There are two accounts within the BIF: the LGSA and the State and Local Capital Projects Account (SLCPA). Surplus lottery revenue, as well as revenue from the riverboat wagering tax, the parimutuel wagering tax, and charity gaming is deposited in the LGSA. A statutorily-determined amount of revenue in the LGSA is transferred each year to the Motor Vehicle Excise Tax Replacement Account (MVETRA) within the state General Fund. A portion of money remaining in the LGSA is then transferred to the SLCPA. Under this bill, the estimated $6 M to $12 M would need to be appropriated annually to the Commission for the scholarships after money is transferred to MVETRA, but before money is transferred to the SLCPA. This bill does not make that appropriation.

Based on projected lottery and gaming revenue to be deposited in the LGSA, it is estimated that there will be enough money in the BIF in FY 2000 and beyond to cover the transfers to MVETRA and the Commission, with money remaining for state and local projects.

The Commission would incur additional administrative time and costs associated with the provisions of this bill regarding data collection, computer programming changes, and general administrative duties. These figures are currently indeterminable.

However, the funds and resources required above could be supplied through a variety of sources, including the following: 1) existing staff and resources not currently being used to capacity; 2) existing staff and resources currently being used in another program; 3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; 4) funds that, otherwise, would be reverted; or 5) new appropriations. Based on the 1/29/99 State Manning Table, the Commission has 30 authorized positions of which 11 are currently vacant. Ultimately, the source of funds and resources required to satisfy the requirements of this bill would depend upon legislative and administrative actions.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) **(2)** Under current law, school corporations receive $800 per student who successfully completes a public high school academic honors diploma program in the school year ending in the previous calendar year. For the 1996-1997 school year, approximately 9,000 students successfully completed such a program, for a total of approximately $7.1 M in honors diploma grants awarded to approximately 290 Indiana school corporations for CY 1998.

For the 1997-1998 school year, approximately 9,000 students successfully completed a public high school academic honors diploma program, for a total of approximately $7.1 M in honors diploma grants to be awarded to approximately 287 Indiana school corporations for CY 1999.

Under current law, school corporations are allowed to either award $800, respectively, to any student who successfully completes an academic honors diploma program or use the $800 awards for unspecified local purposes (students receiving an award can use the monies for any purpose). Currently, the number of school corporations that awarded the $800 grant directly to eligible students in CY 1998 is currently indeterminable.

However, a survey of Indiana school corporations conducted by Legislative Services Agency indicates that out of 60 responding school corporations, approximately 15 (25%) distributed the $800 awards to eligible students in CY 1998.

Honors diploma grant monies are contained within the state tuition support distribution. For FY 1997-1998 and for FY 1998-1999, respectively, $2,693,200,000 and $2,855,400,000 was appropriated for state tuition support.

NEW REQUIREMENTS FOR $800 AWARDS

This bill would specify how school corporations could use the $800 that they currently receive for each academic honors diploma (i.e., to pay for costs incurred by the school corporation in providing an academic honors curriculum). School corporations would no longer be allowed to award the $800 grants directly to students.

The effects of this portion of the bill would vary from school corporation to school corporation, and would depend upon local action.

Explanation of Local Revenues:

State Agencies Affected: State Student Assistance Commission.

Local Agencies Affected: School Corporations.

Information Sources: State of Indiana, List of Appropriations (July 1, 1997 to June 30, 1999); Nick Vesper, State Student Assistance Commission, 317/232-2350; Kent Weldon, Commission for Higher Education, 317/464-4400; Lottery Commission; Indiana Gaming Commission.